

FIRST REGULAR SESSION

# HOUSE BILL NO. 313

## 97TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES THOMSON (Sponsor), LAIR, ROWLAND, SPENCER,  
GANNON, ANDERS, MCNEIL, FITZWATER AND PFAUTSCH (Co-sponsors).

1173H.011

D. ADAM CRUMBLISS, Chief Clerk

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### AN ACT

To repeal sections 169.070 and 169.670, RSMo, and to enact in lieu thereof two new sections relating to public school and education employees' retirement systems.

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*Be it enacted by the General Assembly of the state of Missouri, as follows:*

Section A. Sections 169.070 and 169.670, RSMo, are repealed and two new sections  
2 enacted in lieu thereof, to be known as sections 169.070 and 169.670, to read as follows:

169.070. 1. The retirement allowance of a member whose age at retirement is sixty years  
2 or more and whose creditable service is five years or more, or whose sum of age and creditable  
3 service equals eighty years or more, or who has attained age fifty-five and whose creditable  
4 service is twenty-five years or more or whose creditable service is thirty years or more regardless  
5 of age, may be the sum of the following items, not to exceed one hundred percent of the  
6 member's final average salary:

7 (1) Two and five-tenths percent of the member's final average salary for each year of  
8 membership service;

9 (2) Six-tenths of the amount payable for a year of membership service for each year of  
10 prior service not exceeding thirty years.

11 In lieu of the retirement allowance otherwise provided in subdivisions (1) and (2) of this  
12 subsection, a member may elect to receive a retirement allowance of:

13 (3) [Between July 1, 1998, and July 1, 2013,] Two and four-tenths percent of the  
14 member's final average salary for each year of membership service, if the member's creditable  
15 service is twenty-nine years or more but less than thirty years, and the member has not attained  
16 age fifty-five;

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 (4) [Between July 1, 1998, and July 1, 2013,] Two and thirty-five-hundredths percent of  
18 the member's final average salary for each year of membership service, if the member's creditable  
19 service is twenty-eight years or more but less than twenty-nine years, and the member has not  
20 attained age fifty-five;

21 (5) [Between July 1, 1998, and July 1, 2013,] Two and three-tenths percent of the  
22 member's final average salary for each year of membership service, if the member's creditable  
23 service is twenty-seven years or more but less than twenty-eight years, and the member has not  
24 attained age fifty-five;

25 (6) [Between July 1, 1998, and July 1, 2013,] Two and twenty-five-hundredths percent  
26 of the member's final average salary for each year of membership service, if the member's  
27 creditable service is twenty-six years or more but less than twenty-seven years, and the member  
28 has not attained age fifty-five;

29 (7) [Between July 1, 1998, and July 1, 2013,] Two and two-tenths percent of the  
30 member's final average salary for each year of membership service, if the member's creditable  
31 service is twenty-five years or more but less than twenty-six years, and the member has not  
32 attained age fifty-five;

33 (8) [Between July 1, 2001, and July 1, 2013,] Two and fifty-five hundredths percent of  
34 the member's final average salary for each year of membership service, if the member's creditable  
35 service is thirty-one years or more regardless of age.

36 2. In lieu of the retirement allowance provided in subsection 1 of this section, a member  
37 whose age is sixty years or more on September 28, 1975, may elect to have the member's  
38 retirement allowance calculated as a sum of the following items:

39 (1) Sixty cents plus one and five-tenths percent of the member's final average salary for  
40 each year of membership service;

41 (2) Six-tenths of the amount payable for a year of membership service for each year of  
42 prior service not exceeding thirty years;

43 (3) Three-fourths of one percent of the sum of subdivisions (1) and (2) of this subsection  
44 for each month of attained age in excess of sixty years but not in excess of age sixty-five.

45 3. (1) In lieu of the retirement allowance provided either in subsection 1 or 2 of this  
46 section, collectively called "option 1", a member whose creditable service is twenty-five years  
47 or more or who has attained the age of fifty-five with five or more years of creditable service may  
48 elect in the member's application for retirement to receive the actuarial equivalent of the  
49 member's retirement allowance in reduced monthly payments for life during retirement with the  
50 provision that:

51 Option 2. Upon the member's death the reduced retirement allowance shall be continued  
52 throughout the life of and paid to such person as has an insurable interest in the life of the

53 member as the member shall have nominated in the member's election of the option, and  
54 provided further that if the person so nominated dies before the retired member, the retirement  
55 allowance will be increased to the amount the retired member would be receiving had the retired  
56 member elected option 1; OR

57       Option 3. Upon the death of the member three-fourths of the reduced retirement  
58 allowance shall be continued throughout the life of and paid to such person as has an insurable  
59 interest in the life of the member and as the member shall have nominated in an election of the  
60 option, and provided further that if the person so nominated dies before the retired member, the  
61 retirement allowance will be increased to the amount the retired member would be receiving had  
62 the member elected option 1; OR

63       Option 4. Upon the death of the member one-half of the reduced retirement allowance  
64 shall be continued throughout the life of, and paid to, such person as has an insurable interest in  
65 the life of the member and as the member shall have nominated in an election of the option, and  
66 provided further that if the person so nominated dies before the retired member, the retirement  
67 allowance shall be increased to the amount the retired member would be receiving had the  
68 member elected option 1; OR

69       Option 5. Upon the death of the member prior to the member having received one  
70 hundred twenty monthly payments of the member's reduced allowance, the remainder of the one  
71 hundred twenty monthly payments of the reduced allowance shall be paid to such beneficiary as  
72 the member shall have nominated in the member's election of the option or in a subsequent  
73 nomination. If there is no beneficiary so nominated who survives the member for the remainder  
74 of the one hundred twenty monthly payments, the total of the remainder of such one hundred  
75 twenty monthly payments shall be paid to the surviving spouse, surviving children in equal  
76 shares, surviving parents in equal shares, or estate of the last person, in that order of precedence,  
77 to receive a monthly allowance in a lump sum payment. If the total of the one hundred twenty  
78 payments paid to the retired individual and the beneficiary of the retired individual is less than  
79 the total of the member's accumulated contributions, the difference shall be paid to the  
80 beneficiary in a lump sum; OR

81       Option 6. Upon the death of the member prior to the member having received sixty  
82 monthly payments of the member's reduced allowance, the remainder of the sixty monthly  
83 payments of the reduced allowance shall be paid to such beneficiary as the member shall have  
84 nominated in the member's election of the option or in a subsequent nomination. If there is no  
85 beneficiary so nominated who survives the member for the remainder of the sixty monthly  
86 payments, the total of the remainder of such sixty monthly payments shall be paid to the  
87 surviving spouse, surviving children in equal shares, surviving parents in equal shares, or estate  
88 of the last person, in that order of precedence, to receive a monthly allowance in a lump sum

89 payment. If the total of the sixty payments paid to the retired individual and the beneficiary of  
90 the retired individual is less than the total of the member's accumulated contributions, the  
91 difference shall be paid to the beneficiary in a lump sum.

92 (2) The election of an option may be made only in the application for retirement and such  
93 application must be filed prior to the date on which the retirement of the member is to be  
94 effective. If either the member or the person nominated to receive the survivorship payments  
95 dies before the effective date of retirement, the option shall not be effective, provided that:

96 (a) If the member or a person retired on disability retirement dies after acquiring  
97 twenty-five or more years of creditable service or after attaining the age of fifty-five years and  
98 acquiring five or more years of creditable service and before retirement, except retirement with  
99 disability benefits, and the person named by the member as the member's beneficiary has an  
100 insurable interest in the life of the deceased member, the designated beneficiary may elect to  
101 receive either survivorship benefits under option 2 or a payment of the accumulated contributions  
102 of the member. If survivorship benefits under option 2 are elected and the member at the time  
103 of death would have been eligible to receive an actuarial equivalent of the member's retirement  
104 allowance, the designated beneficiary may further elect to defer the option 2 payments until the  
105 date the member would have been eligible to receive the retirement allowance provided in  
106 subsection 1 or 2 of this section;

107 (b) If the member or a person retired on disability retirement dies before attaining age  
108 fifty-five but after acquiring five but fewer than twenty-five years of creditable service, and the  
109 person named as the member's beneficiary has an insurable interest in the life of the deceased  
110 member, the designated beneficiary may elect to receive either a payment of the member's  
111 accumulated contributions, or survivorship benefits under option 2 to begin on the date the  
112 member would first have been eligible to receive an actuarial equivalent of the member's  
113 retirement allowance, or to begin on the date the member would first have been eligible to  
114 receive the retirement allowance provided in subsection 1 or 2 of this section.

115 4. If the total of the retirement or disability allowance paid to an individual before the  
116 death of the individual is less than the accumulated contributions at the time of retirement, the  
117 difference shall be paid to the beneficiary of the individual, or to the surviving spouse, surviving  
118 children in equal shares, surviving parents in equal shares, or estate of the individual in that order  
119 of precedence. If an optional benefit as provided in option 2, 3 or 4 in subsection 3 of this  
120 section had been elected, and the beneficiary dies after receiving the optional benefit, and if the  
121 total retirement allowance paid to the retired individual and the beneficiary of the retired  
122 individual is less than the total of the contributions, the difference shall be paid to the surviving  
123 spouse, surviving children in equal shares, surviving parents in equal shares, or estate of the

124 beneficiary, in that order of precedence, unless the retired individual designates a different  
125 recipient with the board at or after retirement.

126         5. If a member dies and his or her financial institution is unable to accept the final  
127 payment or payments due to the member, the final payment or payments shall be paid to the  
128 beneficiary of the member or, if there is no beneficiary, to the surviving spouse, surviving  
129 children in equal shares, surviving parents in equal shares, or estate of the member, in that order  
130 of precedence, unless otherwise stated. If the beneficiary of a deceased member dies and his or  
131 her financial institution is unable to accept the final payment or payments, the final payment or  
132 payments shall be paid to the surviving spouse, surviving children in equal shares, surviving  
133 parents in equal shares, or estate of the member, in that order of precedence, unless otherwise  
134 stated.

135         6. If a member dies before receiving a retirement allowance, the member's accumulated  
136 contributions at the time of the death of the member shall be paid to the beneficiary of the  
137 member or, if there is no beneficiary, to the surviving spouse, surviving children in equal shares,  
138 surviving parents in equal shares, or to the estate of the member, in that order of precedence;  
139 except that, no such payment shall be made if the beneficiary elects option 2 in subsection 3 of  
140 this section, unless the beneficiary dies before having received benefits pursuant to that  
141 subsection equal to the accumulated contributions of the member, in which case the amount of  
142 accumulated contributions in excess of the total benefits paid pursuant to that subsection shall  
143 be paid to the surviving spouse, surviving children in equal shares, surviving parents in equal  
144 shares, or estate of the beneficiary, in that order of precedence.

145         7. If a member ceases to be a public school employee as herein defined and certifies to  
146 the board of trustees that such cessation is permanent, or if the membership of the person is  
147 otherwise terminated, the member shall be paid the member's accumulated contributions with  
148 interest.

149         8. Notwithstanding any provisions of sections 169.010 to 169.141 to the contrary, if a  
150 member ceases to be a public school employee after acquiring five or more years of membership  
151 service in Missouri, the member may at the option of the member leave the member's  
152 contributions with the retirement system and claim a retirement allowance any time after  
153 reaching the minimum age for voluntary retirement. When the member's claim is presented to  
154 the board, the member shall be granted an allowance as provided in sections 169.010 to 169.141  
155 on the basis of the member's age, years of service, and the provisions of the law in effect at the  
156 time the member requests the member's retirement to become effective.

157         9. The retirement allowance of a member retired because of disability shall be  
158 nine-tenths of the allowance to which the member's creditable service would entitle the member  
159 if the member's age were sixty, or fifty percent of one-twelfth of the annual salary rate used in

determining the member's contributions during the last school year for which the member received a year of creditable service immediately prior to the member's disability, whichever is greater, except that no such allowance shall exceed the retirement allowance to which the member would have been entitled upon retirement at age sixty if the member had continued to teach from the date of disability until age sixty at the same salary rate.

10. Notwithstanding any provisions of sections 169.010 to 169.141 to the contrary, from October 13, 1961, the contribution rate pursuant to sections 169.010 to 169.141 shall be multiplied by the factor of two-thirds for any member of the system for whom federal Old Age and Survivors Insurance tax is paid from state or local tax funds on account of the member's employment entitling the person to membership in the system. The monetary benefits for a member who elected not to exercise an option to pay into the system a retroactive contribution of four percent on that part of the member's annual salary rate which was in excess of four thousand eight hundred dollars but not in excess of eight thousand four hundred dollars for each year of employment in a position covered by this system between July 1, 1957, and July 1, 1961, as provided in subsection 10 of this section as it appears in RSMo, 1969, shall be the sum of:

(1) For years of service prior to July 1, 1946, six-tenths of the full amount payable for years of membership service;

(2) For years of membership service after July 1, 1946, in which the full contribution rate was paid, full benefits under the formula in effect at the time of the member's retirement;

(3) For years of membership service after July 1, 1957, and prior to July 1, 1961, the benefits provided in this section as it appears in RSMo, 1959; except that if the member has at least thirty years of creditable service at retirement the member shall receive the benefit payable pursuant to that section as though the member's age were sixty-five at retirement;

(4) For years of membership service after July 1, 1961, in which the two-thirds contribution rate was paid, two-thirds of the benefits under the formula in effect at the time of the member's retirement.

11. The monetary benefits for each other member for whom federal Old Age and Survivors Insurance tax is or was paid at any time from state or local funds on account of the member's employment entitling the member to membership in the system shall be the sum of:

(1) For years of service prior to July 1, 1946, six-tenths of the full amount payable for years of membership service;

(2) For years of membership service after July 1, 1946, in which the full contribution rate was paid, full benefits under the formula in effect at the time of the member's retirement;

(3) For years of membership service after July 1, 1957, in which the two-thirds contribution rate was paid, two-thirds of the benefits under the formula in effect at the time of the member's retirement.

12. Any retired member of the system who was retired prior to September 1, 1972, or beneficiary receiving payments under option 1 or option 2 of subsection 3 of this section, as such option existed prior to September 1, 1972, will be eligible to receive an increase in the retirement allowance of the member of two percent for each year, or major fraction of more than one-half of a year, which the retired member has been retired prior to July 1, 1975. This increased amount shall be payable commencing with January, 1976, and shall thereafter be referred to as the member's retirement allowance. The increase provided for in this subsection shall not affect the retired member's eligibility for compensation provided for in section 169.580 or 169.585, nor shall the amount being paid pursuant to these sections be reduced because of any increases provided for in this section.

13. If the board of trustees determines that the cost of living, as measured by generally accepted standards, increases two percent or more in the preceding fiscal year, the board shall increase the retirement allowances which the retired members or beneficiaries are receiving by two percent of the amount being received by the retired member or the beneficiary at the time the annual increase is granted by the board with the provision that the increases provided for in this subsection shall not become effective until the fourth January first following the member's retirement or January 1, 1977, whichever later occurs, or in the case of any member retiring on or after July 1, 2000, the increase provided for in this subsection shall not become effective until the third January first following the member's retirement, or in the case of any member retiring on or after July 1, 2001, the increase provided for in this subsection shall not become effective until the second January first following the member's retirement. Commencing with January 1, 1992, if the board of trustees determines that the cost of living has increased five percent or more in the preceding fiscal year, the board shall increase the retirement allowances by five percent. The total of the increases granted to a retired member or the beneficiary after December 31, 1976, may not exceed eighty percent of the retirement allowance established at retirement or as previously adjusted by other subsections. If the cost of living increases less than five percent, the board of trustees may determine the percentage of increase to be made in retirement allowances, but at no time can the increase exceed five percent per year. If the cost of living decreases in a fiscal year, there will be no increase in allowances for retired members on the following January first.

14. The board of trustees may reduce the amounts which have been granted as increases to a member pursuant to subsection 13 of this section if the cost of living, as determined by the board and as measured by generally accepted standards, is less than the cost of living was at the time of the first increase granted to the member; except that, the reductions shall not exceed the amount of increases which have been made to the member's allowance after December 31, 1976.

15. Any application for retirement shall include a sworn statement by the member

certifying that the spouse of the member at the time the application was completed was aware of the application and the plan of retirement elected in the application.

16. Notwithstanding any other provision of law, any person retired prior to September 28, 1983, who is receiving a reduced retirement allowance under option 1 or option 2 of subsection 3 of this section, as such option existed prior to September 28, 1983, and whose beneficiary nominated to receive continued retirement allowance payments under the elected option dies or has died, shall upon application to the board of trustees have his or her retirement allowance increased to the amount he or she would have been receiving had the option not been elected, actuarially adjusted to recognize any excessive benefits which would have been paid to him or her up to the time of application.

17. Benefits paid pursuant to the provisions of the public school retirement system of Missouri shall not exceed the limitations of Section 415 of Title 26 of the United States Code except as provided pursuant to this subsection. Notwithstanding any other law to the contrary, the board of trustees may establish a benefit plan pursuant to Section 415(m) of Title 26 of the United States Code. Such plan shall be created solely for the purpose described in Section 415(m)(3)(A) of Title 26 of the United States Code. The board of trustees may promulgate regulations necessary to implement the provisions of this subsection and to create and administer such benefit plan.

18. Notwithstanding any other provision of law to the contrary, any person retired before, on, or after May 26, 1994, shall be made, constituted, appointed and employed by the board as a special consultant on the matters of education, retirement and aging, and upon request shall give written or oral opinions to the board in response to such requests. As compensation for such duties the person shall receive an amount based on the person's years of service so that the total amount received pursuant to sections 169.010 to 169.141 shall be at least the minimum amounts specified in subdivisions (1) to (4) of this subsection. In determining the minimum amount to be received, the amounts in subdivisions (3) and (4) of this subsection shall be adjusted in accordance with the actuarial adjustment, if any, that was applied to the person's retirement allowance. In determining the minimum amount to be received, beginning September 1, 1996, the amounts in subdivisions (1) and (2) of this subsection shall be adjusted in accordance with the actuarial adjustment, if any, that was applied to the person's retirement allowance due to election of an optional form of retirement having a continued monthly payment after the person's death. Notwithstanding any other provision of law to the contrary, no person retired before, on, or after May 26, 1994, and no beneficiary of such a person, shall receive a retirement benefit pursuant to sections 169.010 to 169.141 based on the person's years of service less than the following amounts:

- (1) Thirty or more years of service, one thousand two hundred dollars;

- 268 (2) At least twenty-five years but less than thirty years, one thousand dollars;  
269 (3) At least twenty years but less than twenty-five years, eight hundred dollars;  
270 (4) At least fifteen years but less than twenty years, six hundred dollars.

271 19. Notwithstanding any other provisions of law to the contrary, any person retired prior  
272 to May 26, 1994, and any designated beneficiary of such a retired member who was deceased  
273 prior to July 1, 1999, shall be made, constituted, appointed and employed by the board as a  
274 special consultant on the matters of education, retirement or aging and upon request shall give  
275 written or oral opinions to the board in response to such requests. Beginning September 1, 1996,  
276 as compensation for such service, the member shall have added, pursuant to this subsection, to  
277 the member's monthly annuity as provided by this section a dollar amount equal to the lesser of  
278 sixty dollars or the product of two dollars multiplied by the member's number of years of  
279 creditable service. Beginning September 1, 1999, the designated beneficiary of the deceased  
280 member shall as compensation for such service have added, pursuant to this subsection, to the  
281 monthly annuity as provided by this section a dollar amount equal to the lesser of sixty dollars  
282 or the product of two dollars multiplied by the member's number of years of creditable service.  
283 The total compensation provided by this section including the compensation provided by this  
284 subsection shall be used in calculating any future cost-of-living adjustments provided by  
285 subsection 13 of this section.

286 20. Any member who has retired prior to July 1, 1998, and the designated beneficiary  
287 of a deceased retired member shall be made, constituted, appointed and employed by the board  
288 as a special consultant on the matters of education, retirement and aging, and upon request shall  
289 give written or oral opinions to the board in response to such requests. As compensation for such  
290 duties the person shall receive a payment equivalent to eight and seven-tenths percent of the  
291 previous month's benefit, which shall be added to the member's or beneficiary's monthly annuity  
292 and which shall not be subject to the provisions of subsections 13 and 14 of this section for the  
293 purposes of the limit on the total amount of increases which may be received.

294 21. Any member who has retired shall be made, constituted, appointed and employed  
295 by the board as a special consultant on the matters of education, retirement and aging, and upon  
296 request shall give written or oral opinions to the board in response to such request. As  
297 compensation for such duties, the beneficiary of the retired member, or, if there is no beneficiary,  
298 the surviving spouse, surviving children in equal shares, surviving parents in equal shares, or  
299 estate of the retired member, in that order of precedence, shall receive as a part of compensation  
300 for these duties a death benefit of five thousand dollars.

301 22. Any member who has retired prior to July 1, 1999, and the designated beneficiary  
302 of a retired member who was deceased prior to July 1, 1999, shall be made, constituted,  
303 appointed and employed by the board as a special consultant on the matters of education,

304 retirement and aging, and upon request shall give written or oral opinions to the board in  
305 response to such requests. As compensation for such duties, the person shall have added,  
306 pursuant to this subsection, to the monthly annuity as provided by this section a dollar amount  
307 equal to five dollars times the member's number of years of creditable service.

308         23. Any member who has retired prior to July 1, 2000, and the designated beneficiary  
309 of a deceased retired member shall be made, constituted, appointed and employed by the board  
310 as a special consultant on the matters of education, retirement and aging, and upon request shall  
311 give written or oral opinions to the board in response to such requests. As compensation for such  
312 duties, the person shall receive a payment equivalent to three and five-tenths percent of the  
313 previous month's benefit, which shall be added to the member or beneficiary's monthly annuity  
314 and which shall not be subject to the provisions of subsections 13 and 14 of this section for the  
315 purposes of the limit on the total amount of increases which may be received.

316         24. Any member who has retired prior to July 1, 2001, and the designated beneficiary  
317 of a deceased retired member shall be made, constituted, appointed and employed by the board  
318 as a special consultant on the matters of education, retirement and aging, and upon request shall  
319 give written or oral opinions to the board in response to such requests. As compensation for such  
320 duties, the person shall receive a dollar amount equal to three dollars times the member's number  
321 of years of creditable service, which shall be added to the member's or beneficiary's monthly  
322 annuity and which shall not be subject to the provisions of subsections 13 and 14 of this section  
323 for the purposes of the limit on the total amount of increases which may be received.

169.670. 1. The retirement allowance of a member whose age at retirement is sixty years  
2 or more and whose creditable service is five years or more, or whose sum of age and creditable  
3 service equals eighty years or more, or whose creditable service is thirty years or more regardless  
4 of age, shall be the sum of the following items:

5         (1) For each year of membership service, one and sixty-one hundredths percent of the  
6 member's final average salary;

7         (2) Six-tenths of the amount payable for a year of membership service for each year of  
8 prior service;

9         (3) Eighty-five one-hundredths of one percent of any amount by which the member's  
10 average compensation for services rendered prior to July 1, 1973, exceeds the average monthly  
11 compensation on which federal Social Security taxes were paid during the period over which  
12 such average compensation was computed, for each year of membership service credit for  
13 services rendered prior to July 1, 1973, plus six-tenths of the amount payable for a year of  
14 membership service for each year of prior service credit;

15           (4) In lieu of the retirement allowance otherwise provided by subdivisions (1) to (3) of  
16 this subsection, [between July 1, 2001, and July 1, 2013,] a member may elect to receive a  
17 retirement allowance of:

18           (a) One and fifty-nine hundredths percent of the member's final average salary for each  
19 year of membership service, if the member's creditable service is twenty-nine years or more but  
20 less than thirty years and the member has not attained the age of fifty-five;

21           (b) One and fifty-seven hundredths percent of the member's final average salary for each  
22 year of membership service, if the member's creditable service is twenty-eight years or more but  
23 less than twenty-nine years, and the member has not attained the age of fifty-five;

24           (c) One and fifty-five hundredths percent of the member's final average salary for each  
25 year of membership service, if the member's creditable service is twenty-seven years or more but  
26 less than twenty-eight years and the member has not attained the age of fifty-five;

27           (d) One and fifty-three hundredths percent of the member's final average salary for each  
28 year of membership service, if the member's creditable service is twenty-six years or more but  
29 less than twenty-seven years and the member has not attained the age of fifty-five;

30           (e) One and fifty-one hundredths percent of the member's final average salary for each  
31 year of membership service, if the member's creditable service is twenty-five years or more but  
32 less than twenty-six years and the member has not attained the age of fifty-five; and

33           (5) In addition to the retirement allowance provided in subdivisions (1) to (3) of this  
34 subsection, a member retiring on or after July 1, 2001, whose creditable service is thirty years  
35 or more or whose sum of age and creditable service is eighty years or more, shall receive a  
36 temporary retirement allowance equivalent to eight-tenths of one percent of the member's final  
37 average salary multiplied by the member's years of service until such time as the member reaches  
38 the minimum age for Social Security retirement benefits.

39           2. If the board of trustees determines that the cost of living, as measured by generally  
40 accepted standards, increases five percent or more in the preceding fiscal year, the board shall  
41 increase the retirement allowances which the retired members or beneficiaries are receiving by  
42 five percent of the amount being received by the retired member or the beneficiary at the time  
43 the annual increase is granted by the board; provided that, the increase provided in this  
44 subsection shall not become effective until the fourth January first following a member's  
45 retirement or January 1, 1982, whichever occurs later, and the total of the increases granted to  
46 a retired member or the beneficiary after December 31, 1981, may not exceed eighty percent of  
47 the retirement allowance established at retirement or as previously adjusted by other provisions  
48 of law. If the cost of living increases less than five percent, the board of trustees may determine  
49 the percentage of increase to be made in retirement allowances, but at no time can the increase

50 exceed five percent per year. If the cost of living decreases in a fiscal year, there will be no  
51 increase in allowances for retired members on the following January first.

52         3. The board of trustees may reduce the amounts which have been granted as increases  
53 to a member pursuant to subsection 2 of this section if the cost of living, as determined by the  
54 board and as measured by generally accepted standards, is less than the cost of living was at the  
55 time of the first increase granted to the member; provided that, the reductions shall not exceed  
56 the amount of increases which have been made to the member's allowance after December 31,  
57 1981.

58         4. (1) In lieu of the retirement allowance provided in subsection 1 of this section, called  
59 option 1, a member whose creditable service is twenty-five years or more or who has attained  
60 age fifty-five with five or more years of creditable service may elect, in the application for  
61 retirement, to receive the actuarial equivalent of the member's retirement allowance in reduced  
62 monthly payments for life during retirement with the provision that:

63         Option 2. Upon the member's death, the reduced retirement allowance shall be  
64 continued throughout the life of and paid to such person as has an insurable interest in the life  
65 of the member as the member shall have nominated in the member's election of the option, and  
66 provided further that if the person so nominated dies before the retired member, the retirement  
67 allowance will be increased to the amount the retired member would be receiving had the  
68 member elected option 1; OR

69         Option 3. Upon the death of the member three-fourths of the reduced retirement  
70 allowance shall be continued throughout the life of and paid to such person as has an insurable  
71 interest in the life of the member and as the member shall have nominated in an election of the  
72 option, and provided further that if the person so nominated dies before the retired member, the  
73 retirement allowance will be increased to the amount the retired member would be receiving had  
74 the member elected option 1; OR

75         Option 4. Upon the death of the member one-half of the reduced retirement allowance  
76 shall be continued throughout the life of, and paid to, such person as has an insurable interest in  
77 the life of the member and as the member shall have nominated in an election of the option, and  
78 provided further that if the person so nominated dies before the retired member, the retirement  
79 allowance shall be increased to the amount the retired member would be receiving had the  
80 member elected option 1; OR

81         Option 5. Upon the death of the member prior to the member having received one  
82 hundred twenty monthly payments of the member's reduced allowance, the remainder of the one  
83 hundred twenty monthly payments of the reduced allowance shall be paid to such beneficiary as  
84 the member shall have nominated in the member's election of the option or in a subsequent  
85 nomination. If there is no beneficiary so nominated who survives the member for the remainder

86 of the one hundred twenty monthly payments, the reserve for the remainder of such one hundred  
87 twenty monthly payments shall be paid to the surviving spouse, surviving children in equal  
88 shares, surviving parents in equal shares, or estate of the last person, in that order of precedence,  
89 to receive a monthly allowance in a lump sum payment. If the total of the one hundred twenty  
90 payments paid to the retired individual and the beneficiary of the retired individual is less than  
91 the total of the member's accumulated contributions, the difference shall be paid to the  
92 beneficiary in a lump sum; OR

93       Option 6. Upon the death of the member prior to the member having received sixty  
94 monthly payments of the member's reduced allowance, the remainder of the sixty monthly  
95 payments of the reduced allowance shall be paid to such beneficiary as the member shall have  
96 nominated in the member's election of the option or in a subsequent nomination. If there is no  
97 beneficiary so nominated who survives the member for the remainder of the sixty monthly  
98 payments, the reserve for the remainder of such sixty monthly payments shall be paid to the  
99 surviving spouse, surviving children in equal shares, surviving parents in equal shares, or estate  
100 of the last person, in that order of precedence, to receive a monthly allowance in a lump sum  
101 payment. If the total of the sixty payments paid to the retired individual and the beneficiary of  
102 the retired individual is less than the total of the member's accumulated contributions, the  
103 difference shall be paid to the beneficiary in a lump sum; OR

104       Option 7. A plan of variable monthly benefit payments which provides, in conjunction  
105 with the member's retirement benefits under the federal Social Security laws, level or near-level  
106 retirement benefit payments to the member for life during retirement, and if authorized, to an  
107 appropriate beneficiary designated by the member. Such a plan shall be actuarially equivalent  
108 to the retirement allowance under option 1 and shall be available for election only if established  
109 by the board of trustees under duly adopted rules.

110       (2) The election of an option may be made only in the application for retirement and such  
111 application must be filed prior to the date on which the retirement of the member is to be  
112 effective. If either the member or the person nominated dies before the effective date of  
113 retirement, the option shall not be effective, provided that:

114       (a) If the member or a person retired on disability retirement dies after attaining age  
115 fifty-five and acquiring five or more years of creditable service or after acquiring twenty-five or  
116 more years of creditable service and before retirement, except retirement with disability benefits,  
117 and the person named by the member as the member's beneficiary has an insurable interest in the  
118 life of the deceased member, the designated beneficiary may elect to receive either survivorship  
119 payments under option 2 or a payment of the member's accumulated contributions. If  
120 survivorship benefits under option 2 are elected and the member at the time of death would have  
121 been eligible to receive an actuarial equivalent of the member's retirement allowance, the

122 designated beneficiary may further elect to defer the option 2 payments until the date the member  
123 would have been eligible to receive the retirement allowance provided in subsection 1 of this  
124 section.

125 (b) If the member or a person retired on disability retirement dies before attaining age  
126 fifty-five but after acquiring five but fewer than twenty-five years of creditable service, and the  
127 person named as the beneficiary has an insurable interest in the life of the deceased member or  
128 disability retiree, the designated beneficiary may elect to receive either a payment of the person's  
129 accumulated contributions or survivorship benefits under option 2 to begin on the date the  
130 member would first have been eligible to receive an actuarial equivalent of the person's  
131 retirement allowance, or to begin on the date the member would first have been eligible to  
132 receive the retirement allowance provided in subsection 1 of this section.

133 5. If the total of the retirement or disability allowances paid to an individual before the  
134 person's death is less than the person's accumulated contributions at the time of the person's  
135 retirement, the difference shall be paid to the person's beneficiary or, if there is no beneficiary,  
136 to the surviving spouse, surviving children in equal shares, surviving parents in equal shares, or  
137 person's estate, in that order of precedence; provided, however, that if an optional benefit, as  
138 provided in option 2, 3 or 4 in subsection 4 of this section, had been elected and the beneficiary  
139 dies after receiving the optional benefit, then, if the total retirement allowances paid to the retired  
140 individual and the individual's beneficiary are less than the total of the contributions, the  
141 difference shall be paid to the surviving spouse, surviving children in equal shares, surviving  
142 parents in equal shares, or estate of the beneficiary, in that order of precedence, unless the retired  
143 individual designates a different recipient with the board at or after retirement.

144 6. If a member dies and his or her financial institution is unable to accept the final  
145 payment or payments due to the member, the final payment or payments shall be paid to the  
146 beneficiary of the member or, if there is no beneficiary, to the surviving spouse, surviving  
147 children in equal shares, surviving parents in equal shares, or estate of the member, in that order  
148 of precedence, unless otherwise stated. If the beneficiary of a deceased member dies and his or  
149 her financial institution is unable to accept the final payment or payments, the final payment or  
150 payments shall be paid to the surviving spouse, surviving children in equal shares, surviving  
151 parents in equal shares, or estate of the member, in that order of precedence, unless otherwise  
152 stated.

153 7. If a member dies before receiving a retirement allowance, the member's accumulated  
154 contributions at the time of the member's death shall be paid to the member's beneficiary or, if  
155 there is no beneficiary, to the surviving spouse, surviving children in equal shares, surviving  
156 parents in equal shares, or to the member's estate; provided, however, that no such payment shall  
157 be made if the beneficiary elects option 2 in subsection 4 of this section, unless the beneficiary

dies before having received benefits pursuant to that subsection equal to the accumulated contributions of the member, in which case the amount of accumulated contributions in excess of the total benefits paid pursuant to that subsection shall be paid to the surviving spouse, surviving children in equal shares, surviving parents in equal shares, or estate of the beneficiary, in that order of precedence.

8. If a member ceases to be an employee as defined in section 169.600 and certifies to the board of trustees that such cessation is permanent or if the person's membership is otherwise terminated, the person shall be paid the person's accumulated contributions with interest.

9. Notwithstanding any provisions of sections 169.600 to 169.715 to the contrary, if a member ceases to be an employee as defined in section 169.600 after acquiring five or more years of creditable service, the member may, at the option of the member, leave the member's contributions with the retirement system and claim a retirement allowance any time after the member reaches the minimum age for voluntary retirement. When the member's claim is presented to the board, the member shall be granted an allowance as provided in sections 169.600 to 169.715 on the basis of the member's age and years of service.

10. The retirement allowance of a member retired because of disability shall be nine-tenths of the allowance to which the member's creditable service would entitle the member if the member's age were sixty.

11. Notwithstanding any provisions of sections 169.600 to 169.715 to the contrary, any member who is a member prior to October 13, 1969, may elect to have the member's retirement allowance computed in accordance with sections 169.600 to 169.715 as they existed prior to October 13, 1969.

12. Any application for retirement shall include a sworn statement by the member certifying that the spouse of the member at the time the application was completed was aware of the application and the plan of retirement elected in the application.

13. Notwithstanding any other provision of law, any person retired prior to August 14, 1984, who is receiving a reduced retirement allowance under option 1 or 2 of subsection 4 of this section, as the option existed prior to August 14, 1984, and whose beneficiary nominated to receive continued retirement allowance payments under the elected option dies or has died, shall upon application to the board of trustees have the person's retirement allowance increased to the amount the person would have been receiving had the person not elected the option actuarially adjusted to recognize any excessive benefits which would have been paid to the person up to the time of the application.

14. Benefits paid pursuant to the provisions of the public education employee retirement system of Missouri shall not exceed the limitations of Section 415 of Title 26 of the United States Code, except as provided under this subsection. Notwithstanding any other law, the board

194 of trustees may establish a benefit plan under Section 415(m) of Title 26 of the United States  
195 Code. Such plan shall be credited solely for the purpose described in Section 415(m)(3)(A) of  
196 Title 26 of the United States Code. The board of trustees may promulgate regulations necessary  
197 to implement the provisions of this subsection and to create and administer such benefit plan.

198         15. Any member who has retired prior to July 1, 1999, and the designated beneficiary  
199 of a deceased retired member upon request shall be made, constituted, appointed and employed  
200 by the board as a special consultant on the matters of education, retirement and aging. As  
201 compensation for such duties the person shall receive a payment equivalent to seven and  
202 four-tenths percent of the previous month's benefit, which shall be added to the member's or  
203 beneficiary's monthly annuity and which shall not be subject to the provisions of subsections 2  
204 and 3 of this section for the purposes of the limit on the total amount of increases which may be  
205 received.

206         16. Any member who has retired prior to July 1, 2000, and the designated beneficiary  
207 of a deceased retired member upon request shall be made, constituted, appointed and employed  
208 by the board as a special consultant on the matters of education, retirement and aging. As  
209 compensation for such duties the person shall receive a payment equivalent to three and  
210 four-tenths percent of the previous month's benefit, which shall be added to the member's or  
211 beneficiary's monthly annuity and which shall not be subject to the provisions of subsections 2  
212 and 3 of this section for the purposes of the limit on the total amount of increases which may be  
213 received.

214         17. Any member who has retired prior to July 1, 2001, and the designated beneficiary  
215 of a deceased retired member upon request shall be made, constituted, appointed and employed  
216 by the board as a special consultant on the matters of education, retirement and aging. As  
217 compensation for such duties the person shall receive a payment equivalent to seven and  
218 one-tenth percent of the previous month's benefit, which shall be added to the member's or  
219 beneficiary's monthly annuity and which shall not be subject to the provisions of subsections 2  
220 and 3 of this section for the purposes of the limit on the total amount of increases which may be  
221 received.

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